

STATE OF TENNESSEE

BOARD FOR LICENSING CONTRACTORS



Month of Meeting	Tentative Locations	Deadline for Applications
January	Nashville	December 20
March	Nashville	February 20
May	Memphis	April 20
July	Nashville	June 20
September	Knoxville	October 20
November	Memphis	December 20

CONTRACTORS LICENSE

APPLICATION

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(Keep instruction pages for your records)

LICENSE APPLICATION INSTRUCTIONS

Congratulations on your decision to become a licensed contractor with the State of Tennessee! We know how important a license is toward your livelihood and we are here to help. As you may know, a contractor's license is required for projects in excess of \$25,000. Most important; do **NOT** bid, offer a price, negotiate or contract until you are granted a license. Doing so, is a violation which comes with monetary penalties and license denial for six months and you would not be allowed to start, finish or participate in any re-bidding of the project. (See T.C.A. 62-6-120). For additional assistance, feel free to contact our office at 1-800-544-7693.

STEP 1 – TESTING: Contact testing center to schedule exam(s)

Register to take examination(s)

Review the examination guide, "Candidate Information Bulletin" for dates, locations, registration and study outlines. License classifications and monetary limits are based on experience (the Board looks for at least three years experience), equipment, and some require a trade exam. Please contact the Board if you are unsure whether a trade exam is required. (*If you are applying for an additional license, reinstatement or were the Qualifying Agent (QA) for another license, please attach a letter or photocopy of scores.*) The testing center, Experior, is a contract vendor and not a state agency. Experior cannot advise contractors of which exams are required. You may contact our office by telephone or put your question in writing and fax to us at (615) 532-2868 or by email. Exams are \$45.00 each, same day score, given daily in Nashville, given weekly in Memphis and Knoxville and monthly at other cities. Experior offers exams in over 26 states and you may review a list of these locations at their website at www.experioronline.com or contact them by telephone at 800-805-9120.

All contractor license applicants must take the Tennessee "**Business and Law**" exam. This exam is open book and based upon the "*Business and Law Reference Manual*" which may be purchased by the testing center (see attached candidate information bulletin from Experior). Some applicants must also take a **trade** exam. If you do not see a trade exam which falls within your profession, a trade exam probably is not required, but feel free to contact our office. On page three, question four of this application, list the type of work you want as your license classification, such as, "residential building" to build houses or "HVAC" to install heating, ventilation and air conditioning.

The following is a list of trade exams (building, electrical and mechanical):

Building Categories/Combined

Residential (BC-A)	Commercial (BC-B)	Industrial (BC-C)
Res/Com/Ind (BC)	Res/SmCom (BC-A,b(sm))	Com/Ind (BC-B,C)

Examples:

- *Build residential houses only, take the BC-A exam.*
- *A construction manager is required to take the full BC exam.*

- *Build homes and commercial projects, (such as a doctor's office less than \$750,000), needs the BC-A,b(sm). Note: If you plan to perform commercial in the future, over \$750,000, take the full BC-B exam instead of the BC-b(sm).*
- *A BC-B or BC is needed to build a water/sewer plant.*
- *Perform only landscaping, or roofing, or painting; or masonry; no trade exam (see Rule 0680-1-.16 for a complete list of 33 building subcategories)*
- *Perform environmental remediation; no trade exam. Must supply applicable training certificates and experience.*
- *Communication/cell towers; no trade exam.*
- *Spec Building – Resident of one of the 56 counties where spec building was formerly exempt from the law; cannot contract or custom build. Contact our office for a "Spec Homebuilder" license application at 1-800-544-7693 or view the counties on the web.*

Electrical and Mechanical Categories

Electrical (CE)	High Voltage (CE-A,H)	Fire Sprinkler (CMC-D)
Mechanical (CMC)	Plumbing (CMC-A)	HVAC/Refrig (CMC-C)

*Limited Licensed Electrician – LLE: *This is a separate license from the contractor's*

Examples:

- **Electrical wiring less than \$25,000, may only need the LLE (Limited Licensed Electrician's) license. For an LLE license, call 1-800-568-0649, but be sure to check in the county you plan to work! CE contractors are exempt-*
- *Electrical wiring contracts in excess of \$25,000, need the CE exam*
- *Works on electrical transmission lines or sub-stations, needs CE-A,H (high voltage)*
- *Performs plumbing, HVAC, refrigeration, and process piping; needs full CMC.*
- *Performs process piping, only; NO test, (CMC-B) class.*
- *Installs alarm or security systems, up to 70 volts; no trade exam require (may need to register with the Alarm Contractors Board, too; contact them at (615) 741-9771).*
- *Installs telephone lines or computer cabling; no trade exam required.*
- *Gas piping: A contractor with CMC may perform gas piping to everything. A contractor with the CMC-A classification may perform gas piping to plumbing, such as water heaters, laundry equipment, kitchen equipment, and to appliances, such as, gas grills, swimming pool heaters and gas logs. A contractor with the CMC-C classification may perform gas piping to any heating apparatus or to appliances.*
- *Fire Protection/Sprinkler contractors must pass the CMC-D exam and be certified with the State Fire Marshal's office.*
- *Geothermal System requires a CMC-C exam; the well driller needs to be licensed with Department of Environment and Conservation (800-523-4873).*

The following trades do not require an exam and are based on equipment and experience:

Building Subcategories such as: “Acoustical Treatments” (BC-1;) through “Irrigation” (BC-33;) Full “BC” exam would cover all. (*Refer to T.C.A. Section 62-6-112 and Rule 0680-1-.16 of the Tennessee law for a complete listing.*)

Low Voltage (less than 70 volts): Sound, Intercom, Fire Detection or Alarm Systems (CE-D); Telephone Lines (CE-F); and or Computer Cabling. Alarm contractors need to also check with the Alarm Systems Contractors Licensing Board at (615) 741-9771.

Heavy Construction (HC) such as: Marine (Docks, Harbor Improvements) HC-A; Dams, Dikes, Levees and Canals (HC-D); Structural Steel Erection (HC-1); Clearing, Grubbing, Snagging and Rip Rap (HC-5).

Highway, Railroad and Airport (HRA) such as: Grading and Drainage (HRA-A); Base and Paving (HRA-B); Bridges and Culverts (HRA-C); Well Drilling (HRA-E.4)., (well drillers may need to be certified with the Department of Environment and Conservation).

Municipal Utility (MU) such as: Underground Piping (MU-A); Grading and Drainage (MU-C); Gas Distribution and Transmission Lines (MU-A,1). (Water well drillers may need to be certified with the Department of Environment and Conservation and may be contacted at 800-523-4873.)

Environmental Specialties: Asbestos Handling (S-A); Underground Storage Tanks (S-B); Lead Based Paint Abatement (S-C); Hazardous Waste Removal (S-D); and Air, Water or Soil Remediation (S-E). (*Must attach designated qualifying agent’s (QA) training certifications and resume in these areas.*) These contractors may need to check with the Department of Environment at 888-891-8332 for further state requirements.

Specialties: Cell/Communication Towers; Equipment Installation; Vinyl/Wood Siding; Fabrication of Above-Ground Storage Tanks/Vessels; etc. Specialty license classifications are for unique types of contracting where the Board “spells-out” the exact type of work you perform, such as “S-Installation of Paint Finishing Equipment”.

Medical Gas certification is required by the American Medical Gas Institute (AMGI) or the Piping Industry Progress and Education Trust Fund (PIPE), with a minimum of 32 hours of training, with eight (8) of these hours in brazing. You may also check with the National Inspection Testing Certification (NITC) for local certification locations at 877-457-6482.

Note: Contractors with non-tested trades or specialty license classifications, cannot perform any electrical, mechanical or plumbing in excess of \$25,000, and would be required to subcontract to properly licensed contractors. Example: A contractor with classification “S-Food Service Equipment” would be required to hire a licensed mechanical contractor to perform refrigeration portions in excess of \$25,000.

Who may be designated as the Qualifying Agent (QA) to take the exam?

- **Individual/Sole Proprietor:** Owner or Employed Family Member (Husband/Wife/Child);
- **Partnership:** Any or all Partners;
- **Corporation:** Owner or Full-time Employee with Power of Attorney (POA); or
- **Limited Liability Company:** Any Member of LLC or Full-time Employee with “POA”

Qualifying Agents should not be listed on more than one license unless they are an owner.

Study Guides

Refer to testing brochure for study materials; all exams are open book. You do NOT have to purchase all books listed by Experior and you may even want to contact newly licensed contractors in your area to purchase their used book or check your library. Contractors who fail to pass the exam after three attempts may request to be scheduled to interview. In addition, upon requesting an application package from our office, your name and address is considered public information and book sellers/schools may contact you to buy their examination services. The Board cannot recommend these services and if you need assistance in completing the license application, our office will be happy to help at no cost!

Restricted/Limited Residential License (BC-A/r)

In lieu of taking the “BC-A” residential trade exam and “Business & Law” exam, residential contractors wanting to construct homes for **less than \$70,000**, may take a “Limited License” course with their local community college or vocational school. The contractor MUST still comply with all other application requirements as the examination is waived, only. A contract cannot exceed \$70,000, which includes contractor’s cost of land and profit; not allowed to joint venture; and in order to increase, must take the exams and provide a reviewed financial statement. The classification for this license is “BC-A/r”.

Reciprocity with other States

Tennessee presently holds a trade exam reciprocity agreement with some of the licensing agencies: Alabama – (*General, Home Building, Electrical and HVAC, only*); Arkansas (*General Contractors/Electrical*); Georgia (*General*); Louisiana, Mississippi, and South Carolina (*General*). Please attach a copy of your exam scores, proof of licensure from one of these states or have your state complete Page 5 (license verification). The contractor applicant must complete all application requirements. *Note: A license is required prior to bidding or contracting!*

Failed the exam three times?

If you have failed the exam three (3) times, you may submit a request with your completed application to interview with a Board member at the next scheduled Board meeting.

STEP 2 – FINANCIAL STATEMENT: Contact a Licensed CPA
(Licensed Certified Public Accountant or Public Account)

Licensed Accountant

Contact a Certified Public Accountant (CPA) or a Licensed Public Accountant (PA) actively licensed in the state where your business operates. In Tennessee, you may check with the “Tennessee Board of Accountancy” at www.state.tn.us/commerce and click on “licensee roster search” to verify they are properly licensed as a CPA firm and accountant.

The CPA/LPA must prepare a financial statement with a:

“Reviewed” opinion (required for a monetary limit of **\$1,000,000 or less**); or

“Audited” opinion (required for a monetary limit **exceeding \$1,000,000**); based on

“Generally Accepted Accounting Principles” (GAAP).

- Compiled financial statements are **NOT** acceptable
- Financial statements prepared on an income tax basis are **NOT** acceptable
- Contractor licenses are issued according to the **NAME** appearing on the **financial statement** and the name should match on ALL related information, such as the “Charter”, “Articles of Organization”, “Line of Credit”, “Contractor’s Affidavit” or “Guaranty”.

New start-up businesses, decide how you will operate; open accounts (checking) in this name, put capital into the operation and have the CPA prepare a “Review” on the new business, which should be how you operate. May be required to submit your personal financial statement, which does not have to be prepared by a CPA; you may prepare yourself from a computer programmed financial statement or from a bank, should the “Review” prepared by the CPA shows “Cash” only instead of an operating business statement. If you submit a “Review” on your personal statement, and your spouse’s name is included, the license will be issued in this name, too.

Monetary Limit Determination

On page two, question five, you will need to write in the monetary limit amount wanted for your license (contract amount size); inform your accountant of the size license you need. For example, if you plan to contract homes no more than \$150,000 per contract, your CPA/PA can help determine if your financial statement meets the criteria. Monetary limits are based “10 times the lesser” of both working capital and net worth, plus the experience listed as working on these size projects (while working for other contractors, spec homes or subcontracts, etc.). In order to hold a license with a limit of \$150,000, you must show working capital and net worth of at least \$15,000. Since the limit is based on the lesser of the two, a contractor with a working capital of \$10,000 and net worth of \$200,000 would qualify for a monetary limit of only \$100,000, if you have listed experience on these size jobs.

The contractor may supplement a “Line of Credit” in the amount of \$5,000 to increase working capital or submit a personal or parent company financial statement with a “Guaranty Agreement”. Personal statements are not required to be “Reviewed” or “Audited” by a CPA/PA. Note: The Board may limit the monetary license limit based on prior experience.

Unlimited License Limit

To obtain an unlimited license, the contractor must show in excess of \$300,000 in working capital and net worth, as well as experience.

Working Capital and Net Worth

Please ask your CPA/PA to determine the amount of your working capital and net worth. Working capital is “current assets minus current liabilities”. Net worth is “total assets minus total liabilities”.

CURRENT ASSETS are cash and those assets that are reasonably expected to be realized in cash or sold or consumed within one year or within a business’s normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress
- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50%
- Cash surrender value of life insurance policies
- Trade accounts receivable and notes and other receivables that are expected to be collected within one year
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

The following are not current assets, however, since they generally are not expected to be converted into cash within one year:

- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability, however.)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments or deferred charges that will not be charged to operations within one year

CURRENT LIABILITIES are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- Other obligations, including portions of long-term obligations, that are expected to be liquidated within one year*

Current liabilities do not include long term notes, bonds, and obligations that will not be paid out of current assets.

*** All financial statements submitted should separate current portion of long term debt according to standard accounting principals.**

The monetary limit is the total dollar amount per each individual contract or project. A contractor cannot split a contract into phases to work within their limit, however, a 10% tolerance is allowed. A contractor with a monetary limit of \$150,000 may contract up to \$165,000 without being in violation. In addition, there is no limit of the number of projects a contractor may perform.

Guaranty Agreement

A “Guaranty Agreement” (see sample format in this application) with personal or parent company financial statement may be needed for the following:

- Contractors submitting “cash” only financial statements due to being a new company with no operating statement, may be required to submit a Guaranty with their personal financial statement
- Spouse must also sign Guaranty Agreement, if they are listed on the personal financial statement
- Contractors needing to supplement their working capital or net worth for their monetary limit may use personal statement at 50% value
- Contractor companies/subsidiaries owned by a parent/corporation may be required to submit Guaranty with the parent’s financial statement
- Subsidiary contractors which are without a reviewed or audited financial statement must submit an in-house financial statement in the name to be license with their parent company’s audited or reviewed statement and a signed “Guaranty Agreement”.

Line of Credit

A Line of Credit (LOC), in the Board’s exact format, may be considered to supplement working capital. The sample format is in this contractor’s application.

<u>STEP 3 - LETTER OF REFERENCE</u>
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Reference Letter

The “Letter of Reference” (sample in this application) must be completed by a past client or employer, who can comment about your construction work/experience, OR a code official who has inspected your work. Only one reference letter is necessary. Please include and attach the completed reference with your application. *(The reference does not have to come from a Tennessee resident/firm.)*

STEP 4 – CORPORATIONS AND LIMITED LIABILITY COMPANIES

Tennessee Secretary of State

The Secretary of State's office is responsible for business filings and may be contacted at (615) 741-2286 or by fax at (615) 532-9870 or visit their web site at: www.state.tn.us/sos. (Please attach a copy of one of the following with your application package.)

- Tennessee corporations must submit a copy of their “Charter” or “Certificate of Existence” or other document showing it is active and filed with the Tennessee Secretary of State's Office (must be the same name as on their financial statement).
[Form# SS-4417 - \$100.00 fee]
- Limited Liability Companies (LLC) and Limited Partnership's must submit a copy of their “Articles of Organization” or “Certificate” showing proof it is active and filed with Tennessee Secretary of State (must be in the same name as their financial statement).
[Form#SS-4249 for LLC; Form#SS-4470 for LP – Fees vary according to number of members]
- Out-of State (foreign) corporations, limited liability company or a limited partnership must register with the Tennessee Secretary of State's office and submit proof with their license application, such as a copy of their “Certificate of Authority” or “Articles of Organization” or their application stamped “FILED” from the Tennessee Secretary of State (must be in the same name as on their financial statement).
[Form#SS-4431 for COA; Form#SS-4233 for LLC; Form#SS-4473 for LP - \$600.00 fee]

Secretary of State corporate filing applications and fees must be submitted to their office at: 312 8th Ave., N., 6th Floor Snodgrass Tower in Nashville, TN 37243. Do not send these to the Contractor's Board!

Contractors may change their mode of operation after licensed, such as, one who operates as an “Individual/Sole Proprietor” may change their mode of operation to a corporation, LLC or partnership, after obtaining a contractor's license by providing the above information from the Secretary of State's office, with a “Transfer - Change of Mode” form from our office, which you may request from the Contractor's Board “Revision” section.

STEP 5 – COMPLETE APPLICATION, SIGN AND NOTARIZE

License Application

It looks like more than it actually is! Pages 1 - 7 are the main pages of the application. Basically, the synopsis explains who owns the company and what type of license you are requesting. The other pages ask experience and provide a reference format. Make sure all questions on the application are complete. Be sure to list all experience, which may be from working with other contractors, companies, as well as, from your qualifying agent's work experience. You may submit attachments or resumes. Attach financial statement and exam scores. There is a notary available in our office, free of charge!

Contractor's Affidavit

Be sure affidavit on page four (4) is signed and notarized by all applicable individuals (qualifying agent, owner(s), partners, members, main officers and major stockholders). For large corporations, with several officers, please list at least three who have authority to act on the company's behalf. All blocks must be checked. Attach an explanation where applicable, such as convictions, judgments, bankruptcies, or bidding when a license is required. Notary is available in our office, free of charge!

Power of Attorney

A "Power of Attorney" (POA), page six (6), is required only if the owner is designating a full time employee, who is not an owner, as the "Qualifying Agent" (QA), person testing and interviewing with the Board, on the contractor applicant's behalf. If the QA is listed on more than one license, an explanation is required. The POA is not required if an owner is the person testing.

STEP 6 – SUBMIT APPLICATION AND \$150.00 LICENSING FEE

Once the application is complete, submit with the **\$150.00** nonrefundable application fee (*may be company, personal or cashier check (no cash or credit cards)*) payable to: **Contractor's Board**. Attach check to the front of the application and mail to the following address:

**Tennessee Board for Licensing Contractors
Davy Crockett Tower, Suite 110
500 James Robertson Parkway
Nashville, TN 37243-1150**

If you are mailing your application via regular U.S. postal services mail, please allow seven (7) to ten (10) days for our receipt. Overnight/express mail arrives to our office in two days (goes to the cashier's office before us; fees are not taken in our office). It may be in your best interest to send express/overnight mail for tracking purposes. **Always make a complete copy for your records!**

Application Deadline

The application is due on the 20th of the month before the Board meets. The application must be received in the office by deadline date; not postmarked. The Board meets during the months of January (Nashville); March (Nashville); May (Memphis); July (Nashville); September (Knoxville); and November (Memphis). *Meeting locations are tentative and subject to change!*

For example, to go before the January Board meeting, you must have your completed application in by December 20th. If the 20th is on a holiday or weekend, the next business day is considered the deadline.

If you are out of town and need to make travel arrangements, please submit the application by the 10th day of the month prior to the Board meeting or earlier since meeting notices are mailed out approximately three to four weeks after we receive and process your application.

Processing

Please allow at least three (3) weeks for processing your application before making telephone inquiries! Due to limited staff, telephone inquiries delay processing applications. The “New Applications” staff will notify you by mail and/or fax of the time, date and location of the Board interview. Should additional information be needed, they will contact you requesting the information required and may extend your deadline to be scheduled for Board review.

STEP 7 – BOARD INTERVIEW

Board Review

An interview with a Board member and the contractor’s qualifying agent and/or owner may be required. If so, you will receive an admission letter of the time, date and location or a letter stating the interview process was “waived” and you would not be required to be present for the Board review.

Contractors meeting the criteria to have the interview waived do not get their license issued earlier; they are approved on the same day as those who interviewed. Waived criteria is the following: Owner, not a full time employee, passed the exam with a score of 75 or above; application was received prior to the deadline; application is complete and shows experience for the monetary limit requested; financial statement is complete; and no complaints on file.

The interview is informal and takes no longer than 30 minutes. However, due to several contractors scheduled, there can be a timely wait. There are six Board members who are either a building, electrical, mechanical, or highway contractor. Therefore, an electrical Board member will interview those applying for an electrical license, and the mechanical contractor interviews the plumbing and HVAC contractors, etc. At the interview, the application is reviewed and general questions will be asked about contracting experience and to make sure the license classification covers your type of projects. You may use this time to ask the Board member advice or the staff questions concerning the licensing law. There is no dress code requirement.

FINAL STEP – LICENSE ISSUED

License Issuance

Upon approval by the Board, the license will be issued and mailed. It will have your license ID number, classification, expiration date (this is the same information required to be on the outside of a bid envelope) and your monetary limit. After you are licensed for one year, it will be time to renew.

Renewal

The license will expire one year from the date of issuance. Renewals are mailed 90 days prior to expiration date and required to be submitted 30 days prior to expiration. Licenses are staggered to renew for two years on a biennial basis; odd last number in license to expire during odd year and even last number of license to expire during even year. For example, if your license ID# is 00078023, in 2004, you would renew for one year, and in 2005, it would start the two year cycle.

Make sure to notify the Board of any address change as State mail is not forwarded. Contractors with a monetary limit less than \$1,000,000 may prepare their own financial statement for renewal. Contractors with a limit exceeding \$1,000,000 may submit a “Review” instead of an “Audit”. A license expired in excess of 12 months cannot be renewed; a new license must be obtained. There is not a grace period to renew! For example, if your license expires on 7/31/2004, on August 1, 2004, a permit would be denied if you have not submitted renewal and fees. In addition, if you contract during the time the license was expired, it is considered unlicensed activity. For contractors who must have a CPA prepare a review or audit to renew, if your year end is different from your license expiration date, you may submit a copy of the prior year’s financial statement, with an explanation attached stating “new current financial statement is in process and will be forwarded upon completion and to use a copy of last year’s”.

Revisions/Changes – Mode, Name, Classification or Limit

Contractors may request revisions such as an increase in monetary limit or add a new license classification or name change, by requesting a revision application. Changes in the “Mode of Operation” such as changing from a sole proprietor to a corporation or LLC, must submit a “Transfer of Mode Operation” application. A license cannot be transferred to a separate entity! Mergers, change in ownership, reorganization due to bankruptcy, or if dissolving one company and starting another in a different name must obtain a new license and notify the Board in writing within 10 days. The new entity would be approved to continue operating in the licensed name and license ID number for 90 days (cannot operate as new entity until approved).

Bidding

Contractors must be licensed prior to bidding, negotiating, making an offer, and must contract and permit in the name as licensed or it is considered unlicensed activity and subject to disciplinary action by the Board. Contractors licensed as an individual, such as “John Jones” and bids as “John Jones, Inc.” is considered an unlicensed entity. It is required to change the mode on a license through a revision (LLC, corporation or partnership) prior to bidding in new mode.

Name as licensed, license ID number, classification, and expiration date, is required to be on the outside of a bid envelope. The electrical, plumbing, mechanical and HVAC licensing information of subcontractors, where their bid is in excess of \$25,000, must also appear on the outside of the bid envelope. (see TCA 62-6-119)

Contractors, who own more than one business, can only bid/contract in the name as licensed. For example, if “John Jones” has a subsidiary or division called “John Jones Plumbing”, even though he owns both entities, he cannot bid or contract under the subsidiary’s name and would be required to apply for a second license (exams would not have to be retaken).

The only subcontractors (contractors bidding directly to the prime licensed contractor) required to be licensed are: electrical, plumbing, HVAC, and mechanical, if project is in excess of \$25,000. All other subcontractors, such as: masonry, painting, roofing, etc., are not required to be licensed, regardless of the contract amount.

Bid Preference Law

For those contracting in other states bordering Tennessee, our state requires the same of nonresident contractors as they do of resident contractors. This statute is found in T.C.A. 12-4-801 and states in part, should the bidder on a public construction project in this state be a resident of another state, contiguous to Tennessee, a like reciprocal preference is allowed. In short, if a nonresident’s home state gives a preference to their residents, we apply the same criteria to their bid on our state’s work.

Subcontractors

The only subcontractors (bidding directly to the prime contractor) required to be licensed are the electrical, plumbing, HVAC and mechanical. Subcontractors in other areas, such as, dry wall, masonry, flooring, etc., are not required to be licensed unless they bid directly to the owner and it is in excess of \$25,000.

Complaints

Contractor’s must respond to complaints to the Board or risk civil penalties and/or license suspension. Contractor Inspectors are employed with the Board to investigate complaints and license violations.

Board Notification

It is the responsibility of the contractor to notify the Board of any judgments, bankruptcy, changes in officers, qualifying agents, or felony convictions of the persons listed on the “Contractor’s Affidavit”.

Qualifying Agent

Should the qualifying agent (QA) leave, a new QA must be designated and pass the trade exam, within 90 days (the “Business Law” exam does not have to be retaken by new QA) or the license is considered invalid. The license remains with the contractor and not with the QA. Should the QA want to contract, they would need to apply for their own license; the exam would not be required.

Reinstatement

Reinstatement of an expired license (12 months) requires the same application steps, except for the interview and the exams. Trade exams *MAY* be waived if license has been expired less than 24 months. The Business and Law exam does NOT have to be retaken.

Second or Additional License

Contractors wanting another license to operate a separate entity or if a partnership dissolves, etc., an additional license requires all the same application steps, except the trade exams do not have to be retaken. The interview is usually waived.

Merger/Change in Ownership/Reorganization

Must notify the Board in writing within 10 days and submit completed application. All steps are required except exams do not have to be retaken as long as the qualifying agent (QA) remains with the company. May operate in former licensed entity's name for 90 days. Cannot operate as new entity until approved by the Board.

Joint Ventures

All contractors must be licensed in Tennessee to bid as a joint venture. (See Rule 0680-1-.11). Contractors would be required to list both licensed names, ID numbers, license classification and note it as a "joint venture". Joint ventures do not have to apply for a special license.

Retirement of License/Military Status

You may place a current license in a retirement status by submitting request and \$25.00 per year. Those in the military may renew as usual after returning from active duty (no additional fees).

OTHER IMPORTANT AGENCIES:

1. Tennessee Department of Commerce and Insurance website: www.state.tn.us/commerce
(Click on "Regulatory Boards" and go to "Contractors") or call at (615) 741-8307 or 800-544-7693.
2. Limited Licensed Electricians (LLE) – 1-800-568-0649 – ("CE" contractors are exempt)
(Required in certain counties for electricians performing electrical work, less than \$25,000)
3. Tennessee Division of Fire Prevention / Fire Marshal's Office – (615) 741-7190
(Certifications in areas such as Fire Protection/Sprinkler – website address same as above)
4. Tennessee Department of Labor and Workforce – (615) 741-2395
5. Tennessee Secretary of State (615) 741-2286 or fax at 532-9870 or www.state.tn.us/sos
6. Tennessee OneCall System, Inc. – 800-351-1111 – "Call Before You Dig" or www.tnonecall.com
7. Contractor's License Law – www.michie.com and click onto "Tennessee" section 62-6-102
8. Experior – 888-378-7324 or www.experioronline.com
9. IRS – Resources for the Construction Industry at: <http://www.irs.gov/>
10. National Association of State Licensed Contracting Agencies @ www.nascla.org
11. Always check with your local codes and permit office!

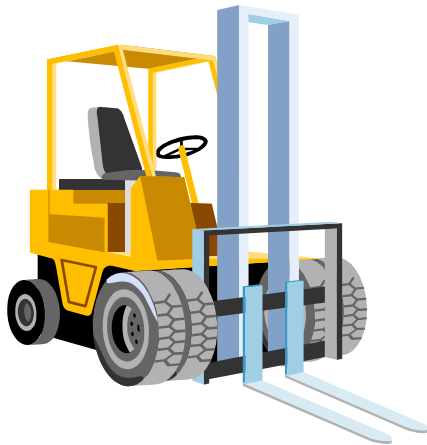
*Thank you for your interest in working in the State of Tennessee...
We look forward to working with you!*



Construction
Center of Excellence

The Construction Center of Excellence website is designed to serve as a road map to the construction industry. It provides web based links to research federal tax law issues related to the construction industry. Topics include independent contractor vs. employee status, business use of your home, and travel expenses. Access the website by navigating

www.irs.gov>[Small Bus/Self Employed](#)>
[Businesses>Industries/Professions>Construction](#)



*Tennessee Department of Commerce and
Insurance*
Division of Regulatory Boards
Board for Licensing Contractors
500 James Robertson Parkway, Suite 110
Davy Crockett Tower
Nashville, TN 37243-1150
Telephone: (800) 544-7693 - Fax: (615) 532-2868
Web Address: www.state.tn.us/commerce

To better serve you, always submit your questions in writing to the Contractor's Board and request a written response!

BOARD FOR LICENSING CONTRACTORS

<i>For Office Use Only</i>
Xact# _____
Lic.ID# _____

Davy Crockett Tower, Suite 110
500 James Robertson Parkway
Nashville, TN 37243-1150
(615) 741-8307 or (800)544-7693
Fax: (615) 532-2868

Please check one:

- ☐ New License – First Time Applicant
☐ Reinstatement of Expired License
 License # _____ - Exp: _____
☐ Merger/Reorganization/Change of Ownership/Dissolving Licensed Company
 License # _____(of prior company)
☐ Additional License/Second License – Other license to remain: ☐Active ☐Inactive
 License # _____(of prior company)
☐ Qualifying Agent - Applying for Own License
 License # _____(of prior company)

CONTRACTORS LICENSE APPLICATION

Application Fee: \$150.00 (Nonrefundable)

NAME

TO APPEAR ON LICENSE: _____
(License will be issued in the exact name that appears on your financial statement)

Mailing Address: _____
(P.O. Box) (Physical Street Address if P.O. Box listed)

(City) (State) (Zip)

Telephone: (____)____-____ **Cell:** (____)____-____ **Fax:** (____)____-____

Contact Person: _____ **Email Address:** _____

SYNOPSIS

1. Mode of operation: ☐ Individual/Sole Proprietor ☐ Partnership ☐ Corporation ☐ Limited Liability (LLC)
2. Name of Owner(s), Officer(s) or Major Stockholder (20% or more), with their Title (owner, partner, stockholder, officer, parent, member); and their Social Security #:

Name	Title	SS#	Yes/No Ownership
------	-------	-----	---------------------

3. License Classification Requested (type of work you intend to perform): _____

4. State monetary limit desired (size of contracts): \$ _____ (Limit is based on financial and experience data!) (Note: Small Commercial (BC-b(sm)) cannot exceed \$750,000; Restricted (BC-A/r) cannot exceed \$70,000.

5. Do you, qualifying agent or officer hold, previously held, or listed on a Tennessee Contractor's license? ☐ **NO**
 ☐ **YES** –License ID # 000 _____ Expiration Date: _____ - Explain: ☐ Reinstatement;
 ☐ Sold company; ☐ No longer at company; ☐ Second/additional license;
 ☐ Dissolved Partnership; ☐ Other: _____

6. Have you or your qualifying agent or officers held a contractor's license in any other state(s)? ☐ **NO**
 ☐ **YES** - If so, please list "State" and current status, such as: Active (**A**); Expired (**E**); or Suspended (**S**).

_____ (); _____ (); _____ ();

7. Do you, qualifying agent or officer hold/held any other Tennessee Licenses (other than driver's license). Such as, Real Estate, Architect/Engineer, Alarm, Fire Sprinkler, etc. ☐ **NO** ☐ **YES** - please list type of license and status:

8. Please check the city in which you prefer to have your interview (locations are tentative):
☐ Nashville/January, March or July ☐ Memphis/May or November ☐ Knoxville/September

9. List Qualifying Agents (QA) person who passed the exams or designated employee for specialty:

Name	SS#	*Examination(s)	Date Taken/Scheduled
------	-----	-----------------	----------------------

--	--	--	--

(Specialty contractors: Attach current training certificates for Asbestos, Lead, UST, Fire Sprinkler, Well Drilling, Medical Gas, etc.)

Person Completing this Application: _____ **Title** _____

CONTRACTOR'S STATEMENT OF EXPERIENCE

Name of Licensee Applicant: _____

1. Licensee applicant's list of experience: *(May attach a list in lieu of completing the below)* ☐ – See Attached

Year	Type of Work	Contract/\$Amount	Location of Work	Client

2. Please list individual's years of experience for owner(s), officers and/or qualifying agent(s): ☐ – See Attached
(May submit attachment or resumes)

Experience (Years)	Name of Person & Title	Prior/Current Employer's Construction Company Name	(Res./Com./Ind.) Project Type	Contract \$ Amount

3. Average number of employees: __ None __ 1 – 5; __ 6 – 10; __ 10 – 20; __ Over 20

4. Bank(s) name, location and contact person of where you do business:

5. Attach and/or list the major equipment you own, lease, or rent. This may be a depreciation schedule or other listing *(this may not apply to "Residential" applicants)* ☐ – See Attached

CONTRACTOR'S AFFIDAVIT

1. _____
(Contractor Applicant) (Name as to be licensed – must be same as on financial statement)

Mode of Operation: { } Corporation { } Partnership { } Individual { } Limited Liability Company

2. To the best of my knowledge, information, and belief, a petition in bankruptcy { } ***HAS** { } **HAS NOT** been filed within seven (7) years preceding the filing of this application from any person who is an officer, owner, partner of this entity. (If such petition has been filed, attach information and an explanation of the proceedings hereto as part of affidavit.)

3. As Contractor Applicant (owner/proprietor or partner, officer, director, qualifying agent or major stockholder) with this company, firm, or corporation, do hereby affirm, I/we { } ***HAVE** { } **HAVE NOT** been convicted of a felony, participated in any other conduct which constitutes improper, fraudulent, or dishonest transactions, involvement with any company who is in violation of T.C.A. 62-6-118. (If you checked "HAVE", please attach an explanation.)

4. As Contractor Applicant, I/we { } ***HAVE** { } **HAVE NOT** bid, offered to engage or performed any construction in the State of Tennessee, where the amount of the contract would require a license to engage in contracting. If so, please attach an explanation.

I/we affirm in applying to the Tennessee Board for Licensing Contractors for a new license to engage in contracting with the State of Tennessee, hereby depose and say as follows:

The foregoing statement regarding experience, financial, and all other information provided in this application is true and correct. In addition, these statements are submitted to the Board for Licensing Contractors for the express purpose to license the applicant as a contractor in the State of Tennessee. Further, any depository, vendor or other agency herein named is hereby authorized to supply this Board with any information necessary to verify these statements.

***If you checked "HAVE" or "HAS", please attach explanation-**

The individual, owners, qualifying agent(s), partners, major officers, controlling stockholders, or Chief Executive Officer duly authorized by the Board of Directors, with this entity, must execute this affidavit

_____ (Print Name)	_____ (Title)	_____ (Signature)
_____ (Print Name)	_____ (Title)	_____ (Signature)
_____ (Print Name)	_____ (Title)	_____ (Signature)
_____ (Print Name)	_____ (Title)	_____ (Signature)

Subscribed before me this _____ day of _____, 20 _____.

My Commission Expires: _____
State of _____ County of _____

(NOTARY PUBLIC)

-SEAL-

TENNESSEE RECIPROCITY REQUEST

TENNESSEE BOARD FOR LICENSING CONTRACTORS
500 JAMES ROBERTSON PARKWAY, SUITE 110
NASHVILLE, TENNESSEE 37243-1150
(800) 544-7693 or FAX - (615) 532-2868

Contractor's Board @ www.state.tn.us/commerce and click onto Regulatory Boards;
Experior Testing @ experioronline.com

ALL CONTRACTORS MUST HOLD A TENNESSEE LICENSE PRIOR TO OFFERING A PRICE, CONTRACTING OR BIDDING OR BE SUBJECT TO PENALTIES AND DENIAL OF LICENSE (See TCA 62-6-120).

The State of Tennessee has entered into a trade exam reciprocal agreement with various licensing agencies in the states of Alabama – (*General, Residential, and HVAC*); Arkansas (*General contracting and Electrical*); Georgia; Louisiana; Mississippi and South Carolina. Reciprocity is with the TRADE exam, only (exam must be comparable to Tennessee's). The contractor must still pass the Tennessee Business and Law exam, complete the application with all financial requirements, interview with the Board, attach copies of their license, exam scores, register their corporation or LLC with Tennessee Secretary of State and have their state complete the following:

LICENSE VERIFICATION

Licensee: _____ License #: _____
(Name as it appears on license)

Address: _____

The above named applicant is requesting a trade exam waiver for a contractor's license in the State of Tennessee.

STATE AGENCY COMPLETES PORTION BELOW

Name of Verifying State: _____ - Reciprocate with Tennessee: ____YES ____*NO

Owner(s) or Officer(s): _____

Name of Qualifying Agent (Person Tested): _____

License Classification: _____ Monetary Limit: _____

Original Date of Licensure: _____ Expiration Date: _____

Licensed By:

☐ Exam - Type & Score: _____ Date: _____

☐ Endorsement - State: _____

☐ Waiver - _____

Complaints - ☐ None ☐ Yes - Disciplinary Action: _____

Signature: _____

Title: _____

TCA 12-4-801 - **Bid Preference Law** - A like reciprocal preference is allowed to the lowest responsible bidder to a contractor who is either a resident of this state or is a resident of another state.

**If "No" is checked, reciprocity will be denied!*



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
BOARD FOR LICENSING CONTRACTORS
500 JAMES ROBERTSON PARKWAY, SUITE 110
NASHVILLE, TENNESSEE 37243-1150
(615)741-8307 (800) 544-7693
FAX - (615) 532-2868

POWER OF ATTORNEY

Know all that I, _____, of _____,
(Owner/Officer Name)
(County)

_____, of _____ do hereby appoint:
(State) (Company Name)

(Qualifying Agent) (Title) (Date of Employment)

Authorization to act as the qualifying agent (QA) on the company's behalf, to take the examinations(s) and interview, as required for a Tennessee contractors license.

This designated qualifying agent _____ ***IS** or _____ **IS NOT** listed as the QA for another licensee (attach explanation if listed on another license in Tennessee). I understand should the qualifying agent leave the company, pursuant T.C.A. §62-6-115, the Board must be notified of another individual designated to pass the examinations within 90 days.

Owner/Officer Signature Title

Subscribed before me this _____ day of _____, 20_____.

Notary Public My Commission Expires: _____
State of _____
County of _____
-(Seal)-

***If you checked "IS" listed on another contractor's license, what is the license ID#000_____.**

(To be completed by corporations and partnerships, when appointing full time employees as qualifying agents, who are not owners, for testing and board interview)

LETTER OF REFERENCE

From:

Past Client
Past Employer
Codes Official

Reference Relating to: _____
(Please print name of individual and/or company applying for a license)

Address: _____

The above named individual and/or company is applying for a contractor's license in the State of Tennessee. Please give any information you can relating to their construction experience. You can greatly assist both applicant and Board by furnishing this information in detail. (PLEASE PRINT OR TYPE)

1. How long have you known the owner(s)/principals? _____
2. What has been your general experience with the above?
2. What is your business opinion of the above?
4. Do you recommend a state license be granted to the above? Explain.
5. Please mention other comments you would like to include regarding the applicant.

This form is being completed by:

Mailing Address: _____
(Print Name) (Name of Company/Client or list "Homeowner")

Telephone Number: _____ Email _____

 (Signature)

 (Date)

NOTE: All reference letters must be from a past client, employer or codes official who can comment on your construction experience. Out of state letters are acceptable. However, form written letters or letters from a family member will not be accepted.

INFORMATION FOR FINANCIAL STATEMENTS
(You must provide your CPA or Licensed PA with this information!!)

NOTE TO CPA/LPA: Please advise your client of their working capital, net worth and monetary limit.

ALL applicants MUST have either a REVIEWED or AUDITED financial statement prepared by a CPA or Licensed PA, in accordance with T.C.A. 62-6-111.

COMPILED STATEMENTS AND STATEMENTS PREPARED ON INCOME TAX BASIS WILL NOT BE ACCEPTED!! See “STEP 2” for more financial statement instructions.

- Licenses will be issued in the **EXACT** name that appears on the financial statement. Be sure that the name on the financial statement and the name throughout your application are the **EXACT** same. (If a spouse’s name is on the statement, such as “John and Mary Jones”, the license will be issued as “John and Mary Jones”).
- Request for monetary limits **GREATER than \$1,000,000.00** requires an **AUDITED** financial statement.
- Request for monetary limits **EQUAL TO or LESS THAN \$1,000,000.00** require a **REVIEWED** or **AUDITED** financial statement.
- **ALL** financial statements **MUST** be prepared by a **CPA or PA**. Their license must be current and in good standing.
- **ALL** financial statements **MUST** include the following:
 - 1) CPA signed opinion letter. This will provide the opinion on the licensee or applicant exactly as the license will be issued.
 - 2) Balance sheet. The balance sheet must list the assets (separated into current and long term); and the liabilities (separated into current and long term) based on the Generally Accepted Accounting Principals (GAAP). Any other basis of accounting will not be accepted.
 - 3) Notes to the financial statement. This is requested to explain to the Board how the figures were determined.
 - 4) Audited statements must include the profit and loss statement and cash flow statement.

FINANCIAL STATEMENTS MUST BE PREPARED ON YOUR CPA’S OWN FORM.
Financial statements **MUST** be current (Current is no older than twelve (12) months).

In addition to a reviewed or audited financial statement, the Board may require a personal financial statement if you do not submit an operating statement or cash only. The personal financial statement does not have to be prepared by a CPA or PA.

You must submit the original financial statement(s), Line of Credit, and Guaranty Agreement. Fax or photo copies will not be accepted.

INFORMATION FOR MONETARY LIMITS
(You must provide this information to your CPA or Licensed PA!!)

NOTE: CPA/PA'S - Please advise your client of their working capital and net worth for monetary limit.

Monetary limit is based 10 times the LESSER of WORKING CAPITAL, NET WORTH and EXPERIENCE!

Working Capital is your **current** assets *MINUS* your **current** liabilities.

Net Worth is your **total** assets *MINUS* your **total** liabilities.

(See next page for definitions of assets and liabilities)

Example #1:

Current Assets:	<u>\$ 20,000.00</u>	Total Assets:	<u>\$ 20,000.00</u>
Current Liabilities:	<u>\$ 10,000.00</u>	Total Liabilities:	<u>\$ 10,000.00</u>
Working Capital:	<u>\$ 10,000.00</u>	Net Worth:	<u>\$ 10,000.00</u>

Monetary Limit Qualify: \$100,000.00 (must show experience, too)

Example #2:

Company Working Capital:	<u>\$ 20,000.00</u>	Company Net Worth:	<u>\$ 20,000.00</u>
Personal Working Capital:	<u>\$ 2,000.00</u>	Personal Net Worth:	<u>\$ 100,000.00</u>
50% of Personal Working Capital:	<u>\$ 1,000.00</u>	50% Personal Net Worth:	<u>\$ 50,000.00</u>
Line of Credit:	<u>\$ 10,000.00</u>		
Total Working Capital:	<u>\$ 31,000.00</u>	Total Net Worth:	<u>\$ 70,000.00</u>

Monetary Limit Qualify: \$300,000.00 (must show experience, too)

Lines of Credit may be used to supplement working capital **ONLY** and must be in the **EXACT** format provided, from an approved lending institution. If working capital is negative, the Board will consider no more than 50% percent of the Line of Credit.

Guaranty Agreement may be used when personal or other guarantors financial statements are needed to supplement the net worth and/or working capital of the company. Only 50% of the guarantors statements may be used to increase the net worth and/or working capital of the company. A guaranty may be requested for those submitting financial statements with cash only, and no other assets or liabilities.

Sole Proprietor-	Guaranty Agreement must be signed by contractor and spouse.
Partnership -	Guaranty Agreement must be signed by all partners and spouses submitting personal statements to supplement the company.
Corporations -	Guaranty Agreement may be used with personal statements, parent or Other financial statement. Must be signed by contractor and spouse (for personal statements) or a major stockholder or managing officer (for parent company or other company statements).
LLC	Guaranty Agreement may be required by all members if submitting a cash only statement.

Note: The Board considers retirement plans, profit sharing plans, IRA's, 401-K's, etc., at **50%** of their value. This is to allow for tax liability.

Financial statements submitted by contractors shall be treated as confidential and shall be used by the Board only for the purpose of determining the financial stability of an applicant for a license and the monetary limitations. T.C.A. 62-6-124.

CURRENT ASSETS are cash and those assets that are reasonably expected to be realized in cash or sold or consumed within one year or within a business's normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress
- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50%
- Cash surrender value of life insurance policies
- Trade accounts receivable and notes and other receivables that are expected to be collected within one year
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

The following are not current assets, however, since they generally are not expected to be converted into cash within one year:

- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability, however.)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments or deferred charges that will not be charged to operations within one year
- Notes receivables from stockholders

CURRENT LIABILITIES are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- *Other obligations, including portions of long-term obligations, that are expected to be liquidated within one year

*Current liabilities do not include long term notes, bonds, and obligations that will not be paid out of current assets.

*** All financial statements submitted should separate current portion of long term debt according to standard accounting principals***

**PLEASE ATTACH
FINANCIAL STATEMENT
PREPARED BY A LICENSED CPA/LPA
WITH A REVIEWED OR AUDITED OPINION**

WORKSHEET FOR DETERMINING MONETARY LIMIT

FINANCIAL STATEMENT OF: _____ DATE _____

____AUDITED ____REVIEWED ____CPA ____LICENSED PA
____INDIVIDUAL ____PARTNERSHIP ____LLC ____CORPORATION

CURRENT ASSETS _____ TOTAL ASSETS _____
CURRENT LIABILITIES _____ TOTAL LIABILITIES _____
WORKING CAPITAL _____ NET WORTH _____

*SUPPLEMENTAL FINANCIAL STATEMENT(S):

1. Company/Personal Financial Statement of _____ Date _____

Current Assets _____	Total Assets _____
Current Liabilities _____	Total Liabilities _____
Working Capital _____	Net Worth _____
50% of W/C _____	50% of N/W _____

2. Company/Personal Financial Statement of _____ Date _____

Current Assets _____	Total Assets _____
Current Liabilities _____	Total Liabilities _____
Working Capital _____	Net Worth _____
50% of W/C _____	50% of N/W _____

3. Line of Credit in the amount of \$ _____ Bank: _____

TOTALS:

COMBINED WORKING CAPITAL \$ _____ COMBINED NET WORTH \$ _____

***MONETARY LIMIT REQUESTED: \$ _____**

***Should the contractor's financial statement and experience fail to qualify for the monetary limit requested, the Board may grant the license at a lower amount.**

- MONETARY LIMITS ARE BASED ON TEN (10) TIMES THE **LESSER** OF YOUR COMBINED WORKING CAPITAL, NET WORTH and EXPERIENCE.
- SUPPLEMENTAL FINANCIAL STATEMENTS MAY BE USED TO INCREASE NET WORTH AND WORKING CAPITAL.
- LINE OF CREDIT MAY BE CONSIDERED TO SUPPLEMENT WORKING CAPITAL.

*GUARANTY AGREEMENT MUST BE SIGNED, NOTARIZED AND ATTACHED WITH SUPPLEMENTAL FINANCIAL STATEMENT.

GUARANTY AGREEMENT

*(Required with supplemental financial statements to increase working capital or net worth; and
may be required by parent or personal guarantors indemnifying licensee; or with financial statements showing cash only)*

I/we, the undersigned person(s), natural or corporate, do hereby pledge and agree to guarantee the debts and obligations of the within named contractor for all debts and obligations arising out of the contracting activities of the Contractor as defined by TENNESSEE CODE ANNOTATED, section 62-6-101.

This **GUARANTY AGREEMENT** is being executed at the request of:

(NAME AS TO BE ON LICENSE)

The contractor, to which this document is applicable, for the express purpose of providing additional financial security and stability for said Contractor in order to obtain a license to engage in contracting in the State of Tennessee, Board for Licensing Contractors.

I/we the undersigned Guarantors agree and contract to pay any and all debts and obligations of said Contractor as provided for above should they fail and refuse to pay and/or default on same.

I/we the undersigned Guarantors, agree to furnish and supply the Board with any and all financial reports, statements and information to which they may request in order to provide evidence of my/our financial security and stability.

I/we understand and agree that where the words "indemnities" appear in Rule #0680-1-.13 of the rules of the Board, it shall be in reference to this document, its title and wording to the contrary, pursuant T.C.A. 62-6-111(g)(1)(E), all liabilities indemnified.

This document and the obligation undertaken shall expire and shall become null and void upon expiration of any license granted the Contractor by the Board or upon joint request, in writing, of the undersigned Guarantors and the Contractor, with the approval of the Board, provided, however, that any and all debts and obligations for, or arising out of work in process, upon the expiration, nullification and/or cancellation of this agreement, shall be covered and the Guarantor(s) herein shall remain liable for same.

* * *

*Corporate parent financial statements submitted to indemnify and/or increase working capital and net worth of licensee, must complete corporate section, sign and NOTARIZE.

**Personal guarantors may indemnify and/or increase working capital and net worth of licensee, complete personal section, sign and NOTARIZE. (Signature of all persons named on financial statement, such as SPOUSE, is required.)

***CORPORATE /PARENT GUARANTOR SECTION**

****PERSONAL GUARANTOR SECTION**

Entity Name on Corporate/Parent Financial Statement

Signature of Personal Guarantor

Name: _____

Signature of Additional Personal Guarantor or Spouse

Title: _____

***Signature of Corporate Official**

*As corporate official, I am fully authorized to bind and obligate the corporation to the terms and conditions of this document as stated herein.

NOTARIZE

Subscribed before me this _____ day of _____, 20_____.

Notary Public Signature

My Commission Expires: _____
State of _____/County of _____

(SEAL)

(Must attach supplemental financial statement with Guaranty Agreement)

LINE OF CREDIT

TO BE WRITTEN ON BANK LETTERHEAD

(May be used if WORKING CAPITAL does not support monetary limit requested)

DATE

TO: CONTRACTOR LICENSEE NAME (Individual, Corporation, Partnership or LLC)
Address
City, State and Zip

Dear Contractor:

You have requested of (Name of Lending Institution) to establish a line of credit which will be available to (Contractor's Name as to be on License) for use in conducting the contracting business for which a license is being sought from the State of Tennessee Board for Licensing Contractors.

We hereby establish a line of credit for these purposes in the amount of \$(Dollar Amount), which will be maintained for a period of one year from the date of license issuance, subject to no adverse change in your financial condition.

As a condition of this arrangement, it is our understanding you will inform us and the Board for Licensing Contractors of any significant change(s) in your financial condition during the term of this commitment.

We the undersigned will endeavor to notify the Board for Licensing Contractors should we become aware of any significant change(s) in financial conditions of the above named applicant.

By

Name/Title

SAMPLE LETTER -- FOR BANK USE ONLY

Instructions

- To increase the working capital, a contractor may take this **SAMPLE** form to their bank
- The line of credit (LOC) does not increase the net worth
- If a contractor's working capital is negative, only 50% of the LOC's value is applied
- The LOC is for the contractor's use and may be utilized at any time by the contractor
- This format's exact wording must be used in order for the Board to consider accepting
- Original LOC document must be submitted; copies are not acceptable
- Name on LOC must be in the **EXACT NAME** as to be licensed and as on financial statement

CHECKLIST

(Detailed steps and instructions are on pages i – xiii)

- _____ Attach a copy of your passing exam scores; Limited (residential restricted BC-A/r) applicants must submit a copy of their course certificate. Environmental specialties must attach copies of the qualifying agent's training certificates. Reciprocity requests, submit page 5.
- _____ Experience (page 3) completed- Very important!
- _____ Contractor's affidavit (page 4) completed; explanation if you have checked "HAS" or "HAVE".
- _____ Attach the completed letter of reference (page 7).
- _____ "Power of Attorney" completed for: Corporations, LLC'S and Partnerships who are appointing a full time employee to test and interview on behalf of the company (page 6).
- _____ Attach "Financial Statement Worksheet" (page 11) to your "Reviewed" or "Audited" financial statement prepared by your CPA.
- _____ Applicants wanting to supplement their working capital, may submit a "Line of Credit" (page 13) completed by their bank.
- _____ For companies submitting personal or guarantors financial statements to increase net worth and working capital, or corporations owned by another or a parent company, please complete and submit the "Guaranty Agreement" (page 12) with their guarantor's reviewed or audited financial statement. *(May be required if financial statement shows cash only and not an operating statement.)*
- _____ Enclose a copy of the Charter; or Certificate of Authority (out-of-state is considered foreign); or Articles of Organization, or Limited Partnership, showing proof "Filed" with the Tennessee Secretary of State's office. (This does not apply to Sole Proprietor / Individual or Partnership.)
- _____ May attach an explanation to prevent confusion if this is not a new license: i.e. Reinstatement, Second Company, Qualifying Agent, or Merger/Reorganization, detailing whether the present license is to be continued or is to be made invalid; if a new license number is to be assigned, etc. Exams are not required to be retaken unless the license has been expired for two years. If you have remained active in the construction industry, you may submit a letter to the Board requesting they waive the two year policy.
- _____ Make a copy of application prior to submitting. Regular mail takes up to 14 days and is best to express mail. Attach a check/money order (no cash) to the front (page 1), in the amount of **\$150.00** (nonrefundable) payable to the "**Contractors Board**" and mail to the Board's address at Tennessee Contractor's Board, 500 James Robertson Parkway, Suite 110, Nashville, TN 37243-1150.

LICENSES ARE ISSUED IN THE EXACT NAME AS FINANCIAL STATEMENT

